



**Financial
Partners**
CREDIT UNION

2014 Annual Report

MOVING
FORWARD



VISION

**BUILDING
LIFETIME
FINANCIAL
PARTNERSHIPS**

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58%
growth in
new Consumer
Loans

7,400
new
members

**New
Insurance
Services**

**Nationwide
Mortgage
Lending**



Net worth
\$87 Mil

Upgraded
eBanking

Over
\$1.2 Bil
loan servicing
portfolio

Discount
Home
Buying

93%
Satisfied/
Very Satisfied

\$228Mil
in assets under
management

Instant-issue
Debit Cards

Smart
Branches

BOARD CHAIR AND PRESIDENT'S MESSAGE

After nearly eighty years in business, some organizations would have lost the passion for pursuing their vision, but just the opposite is true at Financial Partners. While taking the comfortable path can be tempting, the unrelenting pursuit of “Building Lifetime Financial Partnerships” with members continues to be our calling. Only by delivering exceptional service and great value can your Credit Union continue to grow and prosper.

When we look back at 2014, it's gratifying to see what we've achieved together. The Credit Union grew to over 64,000 members, \$923 million in assets and serviced \$1.2 billion in member loans, while attaining its highest capital position in history.

More members than ever are taking advantage of the Credit Union's variety of home loans, which became available nationwide. Financial Partners also introduced HomeAdvantage, which lets members locate a home, find a trusted Realtor, and earn a rebate on their home purchase or sale.

At the end of 2014, we launched FPCU Insurance Services, LLC, our new insurance agency. In addition to saving members money on auto and home insurance, we're now truly a “one-stop shop”: members can find a car or home, get financed, and get insured, all at Financial Partners.

The introduction of Debit Rewards made it more worthwhile than ever to use an FPCU debit card for purchases, and the new “instant issue” technology

provided immediate access, so members could start using their new cards right away.

The new, upgraded eBanking and Bill Pay became available last November. After the initial learning curve, and as members have become accustomed to using the new interface, we've received many positive comments about the new system and its expanded features.

We opened a new branch at Downey Gateway and moved the Huntington Beach branch a short distance to a new location. At both of those Smart Branches, Financial Partners pioneered the use of interactive Personal Tellers, the next-generation way to provide personalized service.

Today members have more options than ever for making account transactions: mobile, home banking, bank by phone, ATMs, shared branches and more. As a result there has been a noticeable change in the way the Credit Union's branches are being used. Members increasingly visit the branches for loans and financial advice, rather than simply performing routine transactions like cashing checks, transferring money, making loan payments and so on.

Personal Tellers ensure that branch transactions are handled in a way that continues to be welcoming, consistent and secure. At the same time, they allow the branch staff to spend more quality time understanding members' needs and providing helpful personalized advice. By adopting this approach the Credit Union will

open more branches conveniently located to serve member needs.

Another effort, perhaps less visible to members, was the renovation of the Credit Union's main office in Downey. The entire headquarters staff relocated to temporary offices while the building was updated and refurbished. We're pleased to be back in the building, and even more pleased that the renovation was completed without any disruption in service.

As a locally owned financial institution, giving back to the local communities is important to us. Last year we participated in events for many worthy community organizations, including Children's Hospital of Orange County, Rancho Los Amigos National Rehabilitation Center, Downey YMCA, and participated in events such as the Downey Christmas Parade and the ARC Walk for Independence.

Service is at the forefront of our focus and everything we do. We thank the many members who responded to satisfaction surveys throughout the year. We're proud that the 2014 member survey showed 93% of Credit Union members were "satisfied" or "very satisfied" with our service. Additionally, the overall Net Promoter service score for the Credit Union stood well above banks and among the elite in the financial services industry.

We are excited about the future and continue to consider it a great privilege to serve you and your family!



Earl S. Washington

Earl S. Washington
Board Chair

Nader Moghaddam

Nader Moghaddam
President & CEO

“Financial Partners pioneered the use of interactive Personal Tellers, the next-generation way to provide personalized service.”

TREASURER'S REPORT

The 2014 Audited Financial Statements represent a strong year for FPCU. Net Income for the year was \$4.5 million. Financial Partners Credit Union worked diligently to strengthen the income stream and balance sheet by prudently managing credit losses, the Asset/Liability structure, and expenses. The Credit Union continued in the "Well Capitalized" category, as defined by the National Credit Union Administration, with a net worth ratio of 9.41%. In addition, FPCU grew assets by \$64 million to reach \$923 million.

We, the Board of Directors, Management, and all Financial Partners employees continue to be committed to providing a better financial future for the member-owners.



Barbara A. Smith
Treasurer

SUPERVISORY COMMITTEE REPORT


Financial Partners Credit Union has the responsibility to ensure that your funds are safe and are as productive as possible. The Supervisory Committee is responsible to you, the membership, to ensure that your Credit Union operates prudently and according to all applicable rules and regulations.

To accomplish this, the Supervisory Committee retained the services of the independent audit firm of Moss Adams, LLP to complete the Financial Partners audit and examine the consolidated financial statements. We're pleased to report that the Credit Union has received an unmodified opinion in the Independent Auditors' Report. The summary of Financial Partners' Consolidated Statements of Financial Condition as of December 31, 2014 is included herein.

Based on our review and the results of the auditor's efforts, the Supervisory Committee believes the Credit Union has maintained accurate and timely accounting records, is in a strong financial position and is operated in a safe and sound manner.



Donna P. Clawson
Chair



“At FPCU, I’m not treated as just another customer but as a family member.”
Laura C.

“I couldn't have been happier with my mortgage process... the attention to my needs was really amazing.” *Cory L.*

“The rates have always been extremely competitive and the service exceptional.” *Blaine M.*

“eBanking is easy... I especially love mobile deposit.” *Tiffany V.*

“I've saved so much money on car loans and my HELOC, I would refer anyone to FPCU.” *Mark L.*

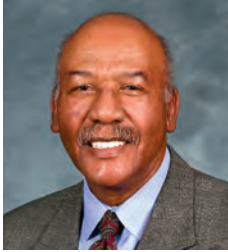
STATEMENT OF FINANCIAL CONDITION

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 54,052,948	\$ 66,735,038
Investments		
Available for sale	105,652,538	160,349,835
Other	11,203,088	13,381,664
Loans held for sale	14,585,900	7,445,350
Loans (net)	684,257,021	582,223,628
Accrued interest receivable	2,177,882	2,148,740
Payroll service reimbursement receivable	17,301,533	–
Mortgage servicing rights	4,007,655	4,461,322
Premises & equipment (net)	9,459,261	5,765,453
NCUSIF deposit	7,132,529	7,006,889
Other assets	12,842,925	9,433,052
Total assets	\$ 922,673,280	\$ 858,950,971
LIABILITIES AND MEMBERS' EQUITY		
Members' shares	\$ 742,655,606	\$ 716,322,533
Borrowed funds	80,000,000	50,000,000
Accrued expenses & other liabilities	13,077,845	11,088,268
Total liabilities	835,733,451	777,410,801
Members' equity		
Retained earnings	\$ 76,516,483	\$ 72,000,264
Equity acquired in merger	10,564,444	10,564,444
Accumulated other comprehensive income (loss)	(141,098)	(1,024,538)
Total members' equity	86,939,829	81,540,170
Total liabilities and members' equity	\$ 922,673,280	\$ 858,950,971

STATEMENT OF INCOME

	2014	2013
INTEREST INCOME		
Loans	\$ 26,901,616	\$ 23,904,288
Investments & cash equivalents	2,457,410	2,229,367
Total interest income	29,359,026	26,133,655
INTEREST EXPENSE		
Members' shares	\$ 3,072,673	\$ 3,393,432
Borrowed funds	928,720	693,316
Total interest expense	4,001,393	4,086,748
Net interest income (NII)	25,357,633	22,046,907
Provision for loan losses	60,000	(918,000)
NII after provision for loan losses	25,297,633	22,964,907
NON-INTEREST INCOME		
Overdraft income	\$ 2,548,359	\$ 2,378,029
Interchange income	\$ 2,067,675	\$ 1,818,580
Financial services and insurance	\$ 1,859,260	\$ 1,647,815
Gain on sale of loans	\$ 1,523,613	\$ 3,968,342
Service charges and other fees	\$ 677,106	\$ 547,849
Other	\$ 1,773,652	\$ 2,321,845
Total non-interest income	10,449,665	12,682,460
NON-INTEREST EXPENSE		
Salaries & benefits	\$ 16,184,702	\$ 14,819,801
Office operations	\$ 6,562,624	\$ 6,462,174
Loan servicing	\$ 3,157,034	\$ 2,233,447
Professional fees	\$ 2,071,737	\$ 1,964,967
Office occupancy	\$ 2,015,428	\$ 2,686,726
NCUSIF assessment	\$ —	\$ 530,563
Other non-interest expense	\$ 1,239,554	\$ 557,630
Total non-interest expense	31,231,079	29,255,308
Net income	\$ 4,516,219	\$ 6,392,059

BOARD OF DIRECTORS



Earl S. Washington
Chair



Ralph Crowther
Vice Chair



Barbara A. Smith
Treasurer



Richard C. Seamans
Secretary



Alan Bergman



Gary W. Macheel



Jeff Mathews



Yves Pinkowitz



Joe Spetz

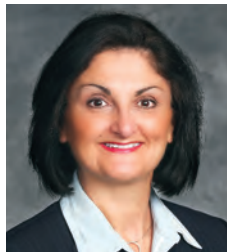
SUPERVISORY COMMITTEE



Donna P. Clawson
Chair



Steve Koester



Caryn Phillips

ASSOCIATE BOARD MEMBERS



Mario Guerra



William Feaster



Cathy Fraser



Vince Workman

EXECUTIVE MANAGEMENT



Front row: Wanda Williams, SVP, Chief Administrative Officer; Nader Moghaddam, President/CEO; Norma Stein, SVP, Human Resources.
Back row: Lori Reeves, SVP, Operations & eServices; Mary Torsney, SVP, Chief Financial Officer; Michael Patterson, SVP, Chief Lending Officer;
Mario Osorio, VP, Investments & Insurance; Laurie Tyler, VP, Sales & Member Services.



Financial Partners

CREDIT UNION

7800 East Imperial Highway
Downey, CA 90242
800.950.7328
www.fpcu.org

Branches

Brea

2435 E. Imperial Hwy

Downey

7800 E. Imperial Hwy.

Downey Gateway

8274 Firestone Blvd.

Huntington Beach/Westminster

16348 Beach Blvd.

Orange

1409 W. Chapman Ave.

Orange Med Center Plaza

424 S. Main St.

Woodland Hills

21757-A Erwin St.

Express Service Offices

(access restricted to on-site employees)

Aliso Viejo - Pacific Life

45 Enterprise

Canoga Park - Pratt & Whitney Rocketdyne

Building 103 1-FB-4.2

8900 De Soto Ave.

El Segundo - Boeing

Building S24-M45101

2020 E Imperial Hwy.

Huntington Beach - Boeing

Building 11 Employee Benefits Center

5301 Bolsa Ave.

Newport Beach - Pacific Life

700 Newport Center Dr.

Seal Beach - Boeing

Building 80

2201 Seal Beach Blvd.



Your savings federally insured to at least \$250,000 by the National Credit Union Administration (NCUA), a U.S. Government Agency, and backed by the full faith and credit of the United States Government.